

Combination System Requirements (For Phase-in Participants)

Up-Front Interest Rebate Implementation for 2001–2002 and Forward

This section includes the business rules and calculations for:

- gross disbursement,
- net disbursement,
- loan fee, and
- interest rebate amounts.

Business Rules

- An up-front interest rebate amount will be calculated at the disbursement level by the schools for each Direct Subsidized, Direct Unsubsidized, and Direct PLUS loan.
- The up-front interest rebate percentage for 2002-2003 Direct Loans is 1.5% of the gross disbursement amount.
- The current method to calculate individual Gross Disbursement Amounts and the current rounding logic remain as is. The variance is still applied to the last anticipated disbursement.

- The method to calculate the Net Disbursement Amount and Interest Rebate Amount is new. The new calculations are explained below.
- The resulting Loan Fee Amount and Interest Rebate Amount are truncated. Truncated means the cents are removed and the remaining whole dollar is the amount to use. Do not round up or down.
- When calculating the Combined Fee/Interest Rebate Amount and the Loan Fee Amount, take all results out 3 decimal places to ensure consistent results in automated tools such as MS Excel.
- Schools send to COD the gross disbursement amount, loan fee amount, and net disbursement amount for anticipated and actual disbursements. Additionally, schools send the interest rebate amount for both anticipated and actual disbursements.

Gross Disbursement Calculations

Gross disbursement calculations do not change with the interest rebate implementation.

When determining gross disbursement amounts for a loan, dollar figures are rounded to the nearest dollar and all disbursements are equal with the exception of the last disbursement, in some cases. This is due to any variance being applied to the last disbursement.

When computing gross disbursement amounts, use the following specifications:

Step 1: Individual disbursement amount is Loan Amount Approved divided by the total number of disbursements.

If necessary, truncate any positions that exist past 2 decimal places.

Step 2: Round the individual disbursement amount. Rounding occurs at the 1st and 2nd decimal places to the nearest dollar.

- If the 1st and 2nd decimal places are 50 or greater, increase the 1st digit to the left of the decimal sign by one.
- If the 1st and 2nd decimal places are less than 50, do not change the 1st digit to the left of the decimal sign.

Step 3: To determine the amount of the last disbursement, multiply the individual disbursement amount by the number of disbursements.

- If the sum of the disbursements is greater than the Loan Amount Approved, subtract the difference from the last disbursement.
- If the sum of the disbursements is less than the Loan Amount Approved, add the difference to the last disbursement.

The variance is applied to the last disbursement.

Three examples are provided on the next pages.

Example 1: Determining Gross Disbursement Amount for Two Disbursements

Loan Amount Approved: \$2625

Step 1: 2625 divided by 2 = 1312.5000

First truncate any positions that exist past 2 decimals as rounding occurs at the 1st and 2nd decimal places.

Therefore, 1312.5000 truncates to 1312.50

Step 2: Round at the 1st and 2nd decimal places to determine the individual disbursement amount.

- If the 1st and 2nd decimal places are .50 or greater, increase the 1st digit to the left of the decimal sign by 1.
- If the 1st and 2nd decimal places are less than .50, do not change the 1st digit to the left of the decimal sign.

Round 1312.50 to 1313. Therefore, all disbursement amounts are 1313 except the last disbursement.

Step 3: To determine the last disbursement amount, multiply the individual disbursement amount by the number of disbursements.

Multiply 1313 by 2 = 2626

Since \$2626 is more than \$2625, subtract the difference of \$1. The last disbursement is equal to \$1313–\$1 or \$1312.

Final Results:

1st Gross Disbursement Amount = 1313

2nd Gross Disbursement Amount = 1312

Total Loan Amount = \$2625

Example 2: Determining Gross Disbursement Amount for Three Disbursements

Loan Amount Approved: \$1000

Step 1: 1000 divided by 3 = 333.3333

First truncate any positions that exist past 2 decimals as rounding occurs at the 1st and 2nd decimal places.

Therefore, 333.3333 truncates to 333.33

Step 2: Round at the 1st and 2nd decimal places to determine the individual disbursement amount.

- If the 1st and 2nd decimal places are .50 or greater, increase the 1st digit to the left of the decimal sign by one.
- If the 1st and 2nd decimal places are less than .50, do not change the 1st digit to the left of the decimal sign.

Round 333.33 to 333. Therefore, all disbursement amounts are 333 except the last disbursement.

Step 3: To determine the last disbursement amount, multiply the individual disbursement amount by the number of disbursements.

Multiply 333 by 3 = 999

Since \$999 is less than \$1000 you add the difference of \$1. The last disbursement is equal to \$333 + \$1 or \$334.

Final Results:

1st Gross Disbursement Amount = \$333

2nd Gross Disbursement Amount = \$333

3rd Gross Disbursement Amount = \$334

Total Loan Amount = \$1000

Example 3: Determining Gross Disbursement Amount for Six Disbursements

Loan Amount Approved: \$22,167

Step 1: 22167 divided by 6 = 3694.5000

First truncate any positions that exist past 2 decimals as rounding occurs at the 1st and 2nd decimal places.

Therefore, 3694.5000 truncates to 3694.50

Step 2: Round at the 1st and 2nd decimal places to determine the individual disbursement amount.

- If the 1st and 2nd decimal places are .50 or greater, increase the 1st digit to the left of the decimal sign by 1.
- If the 1st and 2nd decimal places are less than .50, do not change the 1st digit to the left of the decimal sign.

Round 3694.50 to 3695. Therefore, all disbursement amounts are 3695 except the last disbursement.

Step 3: To determine the last disbursement amount, multiply the individual disbursement amount by the number of disbursements.

Multiply 3695 by 6 = 22170

Since \$22170 is more than \$22167, subtract the difference of \$3. The last disbursement is equal to \$3695–\$3 or \$3692.

Final Results:

1st Gross Disbursement Amount = \$3695

2nd Gross Disbursement Amount = \$3695

3rd Gross Disbursement Amount = \$3695

4th Gross Disbursement Amount = \$3695

5th Gross Disbursement Amount = \$3695

6th Gross Disbursement Amount = \$3692

Total Loan Amount = \$22,167

Net Disbursement Amount, Loan Fee Amount, and Interest Rebate Amount Calculations

Loan fee amount calculations do not change with the interest rebate implementation.

When determining the Combined Fee/Interest Rebate Amount and Loan Fee Amount, truncate the result. Truncation is using only the whole dollar part of the amount with no rounding up or down. The combined fee/interest is a field used to assist in the calculation of the net disbursement amount.

When calculating individual disbursement loan fee amount, interest rebate amount, and net disbursement amount, use the following specifications for all disbursements:

To calculate **Net Disbursement Amount**:

Step 1: Combined Fee/Interest Rebate Amount (go out to 3 decimal places) = Gross Disbursement Amount x (Loan Fee Percentage – Interest Rebate Percentage)

Step 2: Truncate the Combined Fee/Interest Rebate Amount

Step 3: Net Disbursement Amount = Gross Disbursement Amount – Combined Fee/Interest Rebate Amount

To calculate **Loan Fee Amount**:

Step 4: Loan Fee Amount (go out to 3 decimal places) = Gross Disbursement Amount x Loan Fee Percentage

Step 5: Truncate the Loan Fee Amount

To calculate **Interest Rebate Amount**:

Step 6: Interest Rebate Amount = Net Disbursement Amount – (Gross Disbursement Amount – Loan Fee Amount)

To calculate from **Net Disbursement Amount to Gross Disbursement Amount** use the following calculation:

Net disbursement amount multiplied by 100 divided by 100 minus (Fee% - Rebate%) OR

Net disbursement amount divided by .985 = Gross disbursement amount (truncated)

Then proceed with Step 1.

Example 1: Determining Combined Fee/Interest Rebate Amount, Disbursement Net Amount, Loan Fee Amount, and Interest Rebate Amount for Three Disbursements

		Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
Disb. Number	Gross Disb. Amount	Combined Fee/Interest Rebate Amount	Truncated Combined Fee/Interest Rebate Amount	Disb. Net Amount	Loan Fee Amount	Truncated Loan Fee Amount	Interest Rebate Amount
1	\$1167	$1167 \times (.03 - .015) = 17.505$	17	$1167 - 17 = 1150$	$1167 \times .03 = 35.01$	35	$1150 - (1167 - 35) = 18$
2	\$1167	$1167 \times (.03 - .015) = 17.505$	17	$1167 - 17 = 1150$	$1167 \times .03 = 35.01$	35	$1150 - (1167 - 35) = 18$
3	\$1166	$1166 \times (.03 - .015) = 17.49$	17	$1166 - 17 = 1149$	$1166 \times .03 = 34.98$	34	$1149 - (1166 - 34) = 17$
Totals	\$3500			3449		104	53

Example 2: Determining Combined Fee/Interest Rebate Amount, Disbursement Net Amount, Loan Fee Amount, and Interest Rebate Amount for twelve disbursements

		Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
Disb. Number	Gross Disb. Amount	Combined Fee/Interest Rebate Amount	Truncated Combined Fee/Interest Rebate Amount	Disb. Net Amount	Loan Fee Amount	Truncated Loan Fee Amount	Interest Rebate Amount
1	\$219	$219 \times (.03 - .015) = 3.285$	3	$219 - 3 = 216$	$219 \times .03 = 6.57$	6	$216 - (219 - 6) = 3$
2	\$219	$219 \times (.03 - .015) = 3.285$	3	$219 - 3 = 216$	$219 \times .03 = 6.57$	6	$216 - (219 - 6) = 3$
3	\$219	$219 \times (.03 - .015) = 3.285$	3	$219 - 3 = 216$	$219 \times .03 = 6.57$	6	$216 - (219 - 6) = 3$
4	\$219	$219 \times (.03 - .015) = 3.285$	3	$219 - 3 = 216$	$219 \times .03 = 6.57$	6	$216 - (219 - 6) = 3$
5	\$219	$219 \times (.03 - .015) = 3.285$	3	$219 - 3 = 216$	$219 \times .03 = 6.57$	6	$216 - (219 - 6) = 3$
6	\$219	$219 \times (.03 - .015) = 3.285$	3	$219 - 3 = 216$	$219 \times .03 = 6.57$	6	$216 - (219 - 6) = 3$
7	\$219	$219 \times (.03 - .015) = 3.285$	3	$219 - 3 = 216$	$219 \times .03 = 6.57$	6	$216 - (219 - 6) = 3$
8	\$219	$219 \times (.03 - .015) = 3.285$	3	$219 - 3 = 216$	$219 \times .03 = 6.57$	6	$216 - (219 - 6) = 3$
9	\$219	$219 \times (.03 - .015) = 3.285$	3	$219 - 3 = 216$	$219 \times .03 = 6.57$	6	$216 - (219 - 6) = 3$
10	\$219	$219 \times (.03 - .015) = 3.285$	3	$219 - 3 = 216$	$219 \times .03 = 6.57$	6	$216 - (219 - 6) = 3$
11	\$219	$219 \times (.03 - .015) = 3.285$	3	$219 - 3 = 216$	$219 \times .03 = 6.57$	6	$216 - (219 - 6) = 3$
12	\$216	$216 \times (.03 - .015) = 3.24$	3	$216 - 3 = 213$	$216 \times .03 = 6.48$	6	$213 - (216 - 6) = 3$
Totals	\$2625			2589		72	36

Rounding Logic for Disbursement Amount Calculations Table

The following table provides a summary of the fields that are calculated when **subsidized/unsubsidized disbursements** are entered or changed:

Loan Fee Percentage = 3 percent and Interest Rebate Percentage = 1.5 percent.

Field Name	Description
1st Gross Disbursement Amount	Per Gross Disbursement Calculations
1st Combined Fee/Interest Rebate Amount	1st Gross Disbursement Amount multiplied by (Loan Fee Percentage minus Interest Rebate Percentage)
1st Loan Fee Amount	1st Gross Disbursement Amount multiplied by Loan Fee Percentage
1st Net Disbursement Amount	1st Gross Disbursement Amount minus 1st Combined Fee/Interest Rebate Amount
1st Interest Rebate Amount	1st Net Disbursement Amount minus (1st Gross Disbursement Amount minus 1st Fee Amount)
2nd Gross Disbursement Amount	Per Gross Disbursement Calculations
2nd Combined Fee/Interest Rebate Amount	2nd Gross Disbursement Amount multiplied by (Loan Fee Percentage minus Interest Rebate Percentage)
2nd Loan Fee Amount	2nd Gross Disbursement Amount multiplied by Loan Fee Percentage
2nd Net Disbursement Amount	2nd Gross Disbursement Amount minus 2nd Combined Fee/Interest Rebate Amount
2nd Interest Rebate Amount	2nd Net Disbursement Amount minus (2nd Gross Disbursement Amount minus 2nd Loan Fee Amount)

Rounding Logic for Disbursement Amount Calculations Table (Continued)

Optional:	
3rd through 20th Gross Disbursements:	Per Gross Disbursement Calculations
3rd through 20th Combined Fee/Interest Rebate Amount	3rd through 20th Gross Disbursement Amount multiplied by (Loan Fee Percentage minus Interest Rebate Percentage)
3rd through 20th Loan Fee Amount	3rd through 20th Gross Disbursement Amount multiplied by Loan Fee Percentage
3rd through 20th Net Disbursements	3rd through 20th Gross Disbursement Amount minus 3rd through 20th Combined Fee/Interest Rebate Amount
3rd through 20th Interest Rebate Amount	3rd through 20th Net Disbursement Amount minus (3rd through 20th Gross Disbursement Amount minus 3rd through 20th Loan Fee Amount)
Total Gross Disbursements	Sum of all gross disbursements
Total Loan Fee Amount	Sum of all loan fee amounts
Total Interest Rebate Amount	Sum of all interest rebate amounts
Total Net Disbursements	Sum of all net disbursements

Rounding Logic for Disbursement Amount Calculations Table (Continued)

The following table provides a summary of the fields that are calculated when **PLUS disbursements** are entered or changed:

Loan Fee Percentage = 4 percent and Interest Rebate Percentage = 1.5 percent.

Field Name	Description
1st Gross Disbursement Amount	Per Gross Disbursement Calculations
1st Combined Fee/Interest Rebate Amount	1st Gross Disbursement Amount multiplied by (Loan Fee Percentage minus Interest Rebate Percentage)
1st Loan Fee Amount	1st Gross Disbursement Amount multiplied by Loan Fee Percentage
1st Net Disbursement Amount	1st Gross Disbursement Amount minus 1st Combined Fee/Interest Rebate Amount
1st Interest Rebate Amount	1st Net Disbursement Amount minus (1st Gross Disbursement Amount minus 1st Loan Fee Amount)
2nd Gross Disbursement Amount	Per Gross Disbursement Calculations
2nd Combined Fee/Interest Rebate Amount	2nd Gross Disbursement Amount multiplied by (Loan Fee Percentage minus Interest Rebate Percentage)
2nd Loan Fee Amount	2nd Gross Disbursement Amount multiplied by Loan Fee Percentage
2nd Net Disbursement Amount	2nd Gross Disbursement Amount minus 2nd Combined Fee/Interest Rebate Amount
2nd Interest Rebate Amount	2nd Net Disbursement Amount minus (2nd Gross Disbursement Amount minus 2nd Loan Fee Amount)

Rounding Logic for Disbursement Amount Calculations Table (Continued)

Optional:	
3rd /4th Gross Disbursements:	Per Gross Disbursement Calculations
3rd /4th Combined Fee/Interest Rebate Amount	3rd /4th Gross Disbursement Amount multiplied by (Loan Fee Percentage minus Interest Rebate Percentage)
3rd /4th Loan Fee Amount	3rd /4th Gross Disbursement Amount multiplied by Loan Fee Percentage
3rd /4th Net Disbursements	3rd /4th Gross Disbursement Amount minus 3rd /4th Combined Fee/Interest Rebate Amount
3rd /4th Interest Rebate Amount	3rd /4th Net Disbursement Amount minus (3rd /4th Gross Disbursement Amount minus 3rd /4th Loan Fee Amount)
Total Gross Disbursements	Sum of all gross disbursements
Total Loan Fee Amount	Sum of all loan fee amounts
Total Interest Rebate Amount	Sum of all interest rebate amounts
Total Net Disbursements	Sum of all net disbursements

Leap Year Logic

EDEExpress uses the following date format and leap year logic in the date fields on its databases:

- The date field format is **CCYYMMDD**
- For **(CC)**, the date field must contain only: 19 or 20
- For **(YY)**, the date field must contain only: 00 - 99
- For month **(MM)**, the date field must contain only: 01 - 12
- For day **(DD)**, valid range depends upon month as follows:

<u>Month</u>	<u>Valid Day Range</u>
01	01 - 31
02	01 - 28
	(unless year is divisible by 4 when 01 - 29 is valid)
03	01 - 31
04	01 - 30
05	01 - 31
06	01 - 30
07	01 - 31
08	01 - 31
09	01 - 30
10	01 - 31
11	01 - 30
12	01 - 31

Importing Data into the EDEExpress Direct Loan Software

Interfacing your institution's system with EDEExpress allows you to take advantage of the built-in edits and PC communication software. It reduces the data preparation effort by importing student data from your existing systems into EDEExpress. After processing Direct Loan records with EDEExpress, you can create a customized export file to share the data with your other institutional systems.

Certain borrower information is required before you can originate a loan. This information includes data about the borrower such as the name, address, date of birth, citizenship, and year in college. Also, it includes information specific to the loan such as the loan amount approved, loan period start and end dates, and assumed MPN status. When creating the import file, please refer to the column marked 'required field' in the External Import Loan Origination Add file (DIEA) record layout.

As an EDEExpress user, you have the following three options when entering data required to originate a Direct Loan:

1. Key enter data from the SAR and other hardcopy documents
2. Import data from EDEExpress' ISIR and/or packaging system databases
3. Import data from an institutional system (External System)

The following specifications address the third option: Importing data from an institutional system. For information regarding the first and second options, please refer to the online help in the Direct Loan software.

Notes:

- EDEExpress automatically performs the origination process for all records containing all of the required origination fields. This step is performed during the import process for all records with a loan origination status of N.
- If your institution chooses to fill field #1 with a preassigned Loan ID, you may assign any loan sequence number (001-999). However, we strongly recommend that you start loan sequence number creation with 001 and do not start with 101.

Importing New Records

This import option allows you to add records to the EDEExpress Direct Loan database. You must create a file of borrower records according to a standard file layout. See the Combination Layout Section for layout and file creation specifications. If the record passes reject editing and a Loan ID is not specified in the import file, the loan record is added to the EDEExpress database and a 21-digit Loan ID is assigned. The Loan ID is important to systems interfacing with EDEExpress because it is needed when making changes to existing records.

When a loan record is imported, EDEExpress searches for records with an identical student SSN, Loan Type, Program Year, and Direct Loan School Code. If there is no match, EDEExpress assigns 001 as the Loan Sequence Number.

If EDEExpress discovers a match on a student's SSN, Loan Type, Program Year, and Direct Loan School Code, it proceeds using your selected add options. You request to be prompted for duplicates by selecting “Y.”

- You can request EDEExpress to create a new loan record when a duplicate record is found by selecting “C” (Create All). When a duplicate is found, EDEExpress assigns the next highest Loan Sequence Number.
- You can request EDEExpress to skip the duplicate by selecting “N” (Skip Duplicate Record). The record is skipped and counted on the Import Add Report as a skipped record.

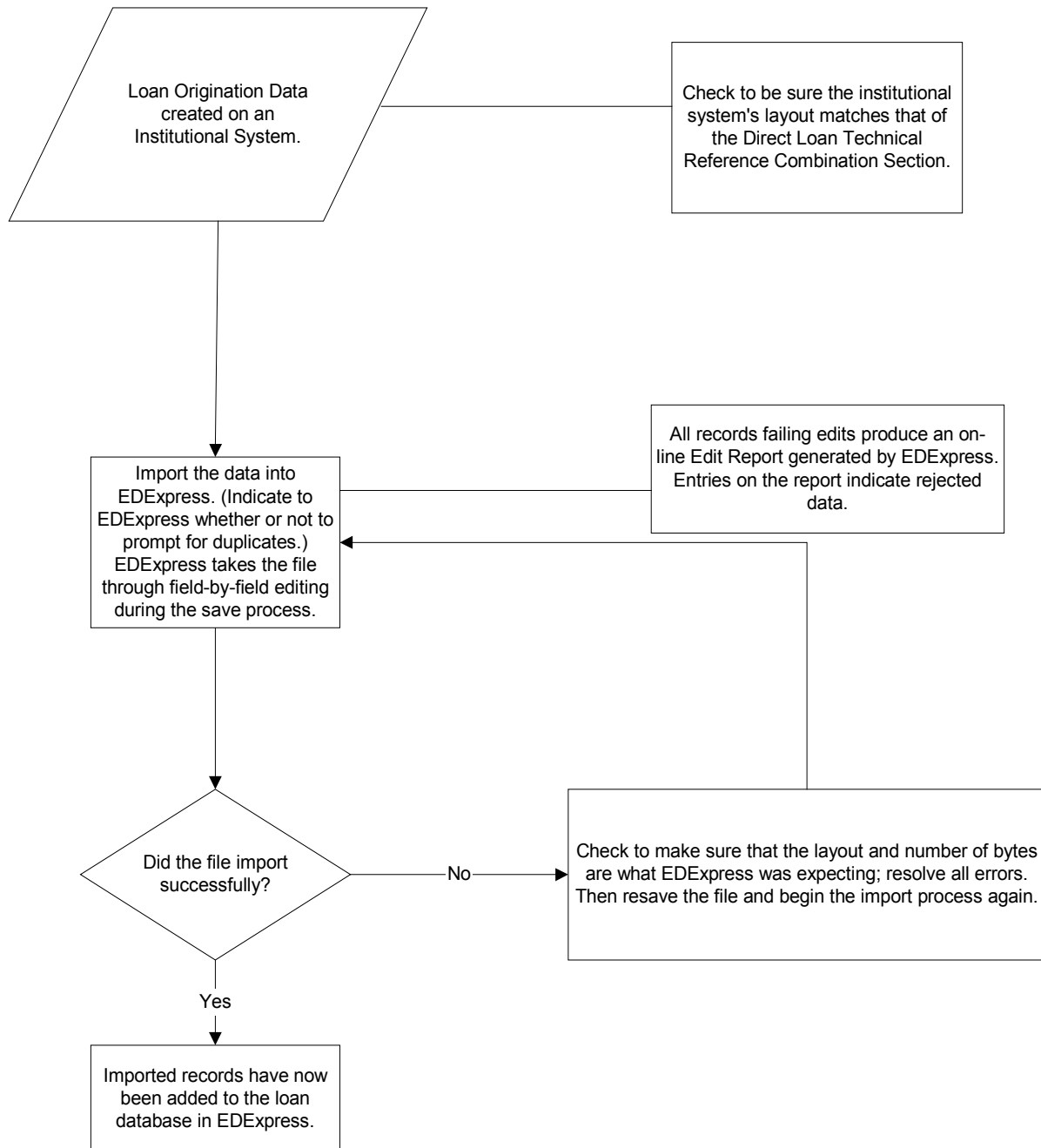
Imported records must adhere to the External Import Add Record layout. EDEExpress prompts you for a filename. Once a filename is provided, EDEExpress performs a series of edits and calculations on each record of the imported file.

An Add Edit Report is created for each file of imported records. This report identifies rejected records and provides statistics on the number of records added to the database.

Notes:

- EDEExpress maintains separate records for each borrower loan type. For example, if a borrower is approved for a subsidized loan, unsubsidized loan, and PLUS loan, three records are imported to EDEExpress, one for each loan type. For each imported record, a record is established in the Loan Origination database.
- For all loan types, the Loan Origination database maintains demographic information about the borrower. In addition, student demographic information is maintained for PLUS loans.
- In the COD process a Loan ID is referred to as an Award ID. For Phase-in Participants the term Loan ID will continue to be used. However, be aware that the terms Loan ID and Award ID are synonymous.

External Import Loan Origination Add



Originating and Determining MPN Status within EDExpress

Upon Origination, EDExpress determines the MPN status of a loan and updates the MPN status field. This is the MPN status for the loan record until the record is exported and acknowledged by COD.

The criteria EDExpress uses to determine the MPN status of a loan is based on whether you have indicated that you process loans using multi-year functionality or single-year functionality in Direct Loan Setup.

Indicating in EDExpress Multi-Year or Single-Year Functionality

A field is added to Direct Loan System Setup asking “Do you use multi-year MPNs at your school?” This field is a checkbox. If you process MPNs using multi-year functionality, mark the box. If you process MPNs using single-year functionality, leave the box empty.

EDExpress defaults to a marked box indicating yes, school is using multi-year functionality.

Note: This setup field is not exported to COD. If you choose COD to link your loans using single-year functionality you must contact a COD Customer Service Representative and request your school file be updated.

Multi-Year Functionality for Subsidized/Unsubsidized

Determining the MPN Status for schools using multi-year functionality is a two step decision making process within EDEExpress.

First, EDEExpress checks for other existing originated subsidized or unsubsidized loans for the student. When another loan exists within EDEExpress for a student, EDEExpress reviews the MPN Status of the existing loan.

IF...	THEN...
The MPN Status of the existing loan indicates a valid MPN exists or assumes a valid MPN exists (A, P, S, M, or T)	EDEExpress updates the MPN Status of the originating loan to "T," assumes a valid MPN exists
The MPN Status of the existing loan indicates no valid MPN exists (R or N)	EDEExpress sets the MPN Status of the originating loan to "R," ready to print, and a new MPN can be printed

When no other loan(s) exist within EDEExpress for a student, EDEExpress reviews the ISIR MPN Indicator if ISIRs were imported into EDEExpress.

IF...	THEN...
The ISIR MPN Indicator indicates an active MPN at COD (A)	EDEExpress updates the MPN of the originating loan to "T," assumes a valid MPN exists
The ISIR MPN Indicator is blank or indicates no valid MPN (I, C, N, or U)	EDEExpress sets the MPN Status of the originating loan to "R," ready to print, and a new MPN can be printed

Single-Year Functionality for Subsidized/Unsubsidized

When determining the MPN Status of a loan at a school using single-year functionality, EDEExpress looks for other originated subsidized or unsubsidized loans for the student with the same academic year within EDEExpress.

IF...	THEN...
No other loans exist for this student within EDEExpress	EDEExpress sets the MPN Status of the originating loan to “R,” ready to print, and a new MPN can be printed
Another loan exists and the academic year start and end dates do NOT match the loan being originated	EDEExpress sets the MPN Status of the originating loan to “R,” ready to print, and a new MPN can be printed
Another loan exists and the academic year start and end date match the loan being originated and EDEExpress reviews the MPN Status of the existing loan: If the MPN Status of the existing loan indicates a valid MPN exists or assumes a valid MPN exists (A, P, S, M, or T) If the MPN Status of the existing loan indicates no valid MPN exists (R or N)	 EDEExpress updates the MPN Status of the originating loan to “T,” assumes a valid MPN exists EDEExpress sets the MPN Status of the originating loan to “R,” ready to print, and a new MPN can be printed

Note: For schools implementing single-year functionality the ISIR MPN Indicator is not used in the process to determine if a new MPN should be printed.

Importing the MPN Status from COD

EDEExpress imports the determined MPN status for a loan from COD via the Loan Origination Acknowledgement.

When the loan is accepted by COD, COD links the loan to a MPN, if possible. The Loan Origination Acknowledgement (DISF03OP) contains COD's MPN status for the loan record.

Upon import of the COD Loan Origination Acknowledgement EDEExpress updates the MPN Status of a loan.

IF COD MPN Status Imported is:	THEN EDEExpress Updates to:
A = Accepted MPN at COD	A = Accepted by COD
P = MPN not on file at COD	R = Ready to Print
I = Inactive	R = Ready to Print
C = Closed	R = Ready to Print
Q = Rejected	R = Ready to Print
X = Pending MPN at COD	X = Pending

Batch Processing and Batch Identifiers (Batch IDs)

All data exchanged between Phase-in Participants and COD must be in the required record layout format. Data must be sent to the Student Aid Internet Gateway (SAIG) for submission to COD in groups of like data types. Each data type has a specific record layout, that is, Full Loan Origination Records, Disbursement Records, and so forth. Therefore each record set is considered a separate batch type. Every batch must contain a header and trailer record (see Custom Layouts). The batch header contains a Batch ID that is unique to the export batch.

Note: Each Direct Loan batch is sent to SAIG with a Transmission Header and a Direct Loan Batch Header. It is most important that the Batch ID and the Message Class submitted in both of the header records are the same. If these data elements are different on the two header records, the Direct Loan detail records will not process correctly at COD. For more information regarding transmitting to the SAIG, see the SAIG Host Communication Guide at www.SFAdownload.ed.gov.

Schools should track Batch IDs on their systems. It is helpful to store the Batch IDs at a record level and at a batch level for each submission.

All Batch IDs transmitted to COD must have the same format and be 23 characters long. The first two characters are the Batch Type, which indicates the type of data included in the batch. The next character is the Cycle Indicator, which indicates the program year of the data included in the batch. The next six characters are the School Code, which indicates the Direct Loan School Number of the school sending the batch. The next eight characters are the Date Batch Created, which indicates the date on which the school created the batch. The last six characters are the Time Batch Created, which indicate the time at which the school created the batch.

Note: In the COD process Batch IDs are referred to as Document IDs. For Phase-in Participants the term Batch ID will continue to be used. However, be aware that the terms Batch ID and Document ID are synonymous.

The Batch Integrity Rule

COD returns an acknowledgement record for every Full Loan Origination Record, Disbursement Record, and Loan Origination Change Record that is submitted by the school. If a school submits a batch with 1,000 Full Loan Origination Records, COD returns an acknowledgement file corresponding to only those 1,000 Full Loan Origination Records. The acknowledgement file always contains the same Batch ID originally submitted by the schools. This rule applies for Full Loan Origination Records, Loan Origination Change Records, and Disbursement Records initiated by the school.

Note: In the COD process, an Acknowledgement is referred to as a Response. For the purposes of this technical reference, we will continue to use the term Acknowledgement. However, be aware that the terms Acknowledgement and Response are synonymous

Exchanging Loan Origination Records with COD

You transmit a loan origination record to SAIG to be transmitted to COD for each originated loan. If you request the COD to print promissory notes, your request is part of the loan origination record. If you print your borrower's promissory notes, the loan origination record can be transmitted before or after the student signs the note. However, COD must receive the loan origination record, promissory note, and disbursement record before it can book the loan.

Two types of loan origination records can be exported to COD:

- Full Loan Origination Record
- Loan Origination Change Record

Submitting Full Loan Origination Records to COD

For each new loan, subsidized, unsubsidized, and PLUS, you must send a Full Loan Origination Record to SAIG for transmission to COD. The Full record contains all of the data required to originate the loan: demographic information about the borrower, the Loan ID, as well as anticipated loan disbursement data. Data on each record must be edited to adhere to the field length, field type, and valid field content specifications.

As mentioned above, Full Loan Origination Records contain anticipated disbursement amounts and anticipated disbursement dates. In the COD process disbursements have a Payment Trigger associated with them.

Note: No action is required by Phase-in Participants to set or unset the COD Payment Trigger. Upon acceptance of a loan record, COD stores anticipated disbursements and sets the Payment Trigger appropriately.

In addition, upon origination, EDEExpress determines the assumed MPN status for subsidized and unsubsidized loans. (The process for determining the MPN Status is explained later in the MPN text of this section.)

Full Loan Origination Records are transmitted in two types of files. All of the subsidized and unsubsidized records are transmitted in a file with a message class of DESF03IN. All PLUS records are transmitted in a file with a message class of DEPF03IN.

Loan records marked by the user as inactive on the Loan tab are excluded from the Loan Origination export to COD from EDEExpress.

Schools can perform credit checks for PLUS borrowers by using the COD Web site. Schools have the option to submit credit check requests via the COD Web site or to submit Full Loan PLUS Origination Records to COD for COD to perform the credit check request.

Schools are given the capability to receive a credit decision through an interactive COD Web site. The COD Web site accesses an approved credit bureau and returns a credit acknowledgement to the school. The COD Web site displays the credit decision of approved (accepted) or denied (failed). The reason for a failed credit decision is not displayed.

When the school receives a failed credit decision from the COD Web site, it has the option to either submit a Full Loan PLUS Origination Record to COD (so that COD can send an endorser form to the borrower) or originate the additional unsubsidized loan for the student. The Full Loan PLUS Origination Record must be sent to COD if the borrower requests an endorser.

The credit decision received from the COD Web site does not have to be forwarded to COD. COD receives a simultaneous response from the credit bureau at the time the school performs the credit check. COD stores the credit decision and sends necessary letters to the borrowers.

Note: Certification must be kept at the school, indicating that the borrower has authorized the school to perform the credit check and also indicating whether or not the borrower wants an endorser in the case of a failed credit decision.

Receiving Full Loan Origination Acknowledgements from COD

COD returns one acknowledgement record for each Full Loan Origination Record it receives. Batch integrity is maintained; the school receives acknowledgement records for all transmitted records in the batch.

These records are received in message class DISF03OP for subsidized and unsubsidized records and DIPF03OP for PLUS records. These records indicate whether the origination record is rejected or accepted. For PLUS records, the Full Loan Origination Acknowledgement also indicates whether the credit check is accepted, denied, or pending. For subsidized and unsubsidized loans, the Full Loan Origination Acknowledgement also indicates COD's MPN Status for the loan. (Further information about this process is explained later in the MPN text of this section.)

Note: COD is creating a Student Identifier composed of Social Security Number, last name and date of birth. The combination of these data elements is matched against CPS. If this match is unsuccessful on a subsidized or unsubsidized loan record a school receives a reject code of A9 – No eligible SSN, date of birth and last name combination match on CPS for student. When a school receives this error, the school should go to the COD Web site for assistance in how to resolve this mismatch.

If a credit decision is overridden (modified) for a PLUS record, a separate PLUS Credit Decision Acknowledgement is received from COD (message class DIPC03OP). The PLUS Credit Decision Acknowledgement is transmitted to you at any time after the initial decision has been received on the Full Loan Origination Acknowledgement.

Once the Full Loan Origination record is accepted by COD, it should not be sent to COD again. If changes need to be sent to update information on the record, a change record described below must be sent to COD. The record errors need to be corrected and the updated Full Loan Origination record transmitted to COD with the message class DESF03IN/DEPF03IN.

To reduce turn around time for acknowledging Full Loan PLUS Origination Records, COD processes the credit check and acknowledges the PLUS loans within 24 hours of receipt at COD. If a credit decision other than accepted or denied is received, COD acknowledges the accepted PLUS loan record with a pending credit check status.

PLUS Credit Decision Update (Override) Acknowledgement

For any previously accepted PLUS Full Origination records with a pending or denied credit decision, the borrower may request a subsequent credit check, an override, or submit an endorser addendum. Under these circumstances, COD returns a PLUS Credit Decision Update Acknowledgement. The Credit Decision Update Acknowledgement indicates one of the following statuses:

- C = (Credit overridden: new credit information provided),
- D = (Credit denied: endorser not okay),
- N = (Credit denied, after pending), or
- E = (Credit overridden: endorser OK).

The Credit Decision status indicates the results of PLUS Loan credit checks on the parent borrower or endorser. For approved applicants, you can proceed to the disbursement of funds.

COD sends further information and instructions directly to those applicants not approved for a PLUS loan on the basis of credit checks. COD has the option to override the credit decision after an initial denial. The PLUS Credit Checks can be updated at any time on the basis of the borrower submitting supporting documentation to COD or credit reporting agency.

If you process PLUS loans, you receive updated credit decisions in the Credit Decision Override acknowledgement file with message class DIPC03OP.

Loan Origination Change Record

Once the Full Loan Origination Record is accepted by COD, changes to the borrower's demographic or loan information requires a change record to be sent to COD. Loan Origination Change Records are transmitted in a separate message class DESC03IN.

Each change record contains the borrower's loan identification (necessary to identify the record on COD), the number associated with the field being corrected, and the corrected value.

Importing Changes to Existing Records

This import option allows you to submit changes from your school's systems to the EDExpress Direct Loan database. To perform this option, you must create a file of borrower records according to a standard file layout. Each record must contain the borrower's loan identification number, field number associated with the field to be updated, and the updated value.

Use the External Import Change record layout and the table of Loan Origination Import Change Field Numbers to create your change record. These can be found in the Combination Layouts section of this technical reference.

To import most efficiently, you should import the records in Social Security Number order, and the fields to be updated within each change record should appear in numerical order. For example, if you are changing fields S013 (Borrower's Telephone Number) and S101 (Student's Local Address City), field S013 should appear first in the change record followed by field S101.

Each change record contains space for up to 10 data element changes. Multiple change records can be exported for a Loan ID if more than 10 changes are required.

Corrected values must be left justified within the 50-byte change value field. Numeric fields are left justified and blank filled up to the maximum number of positions for that field.

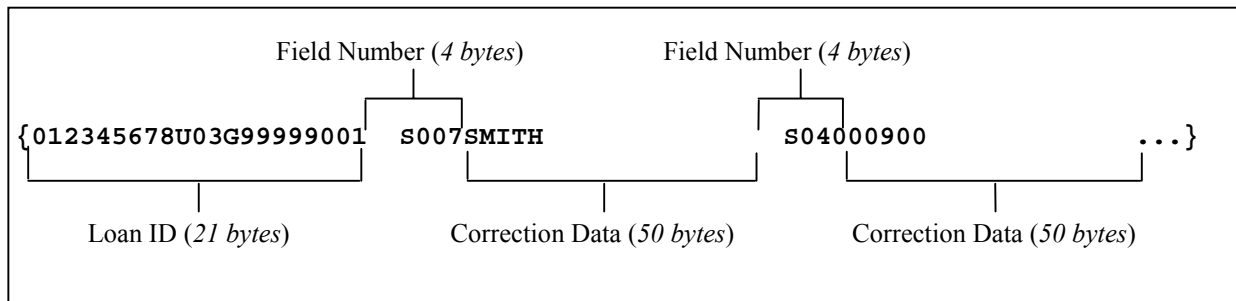
For example, when correcting a 5-byte numeric field to a value of '900,' the correction record would display 00900 with 45 blank spaces.

Example:

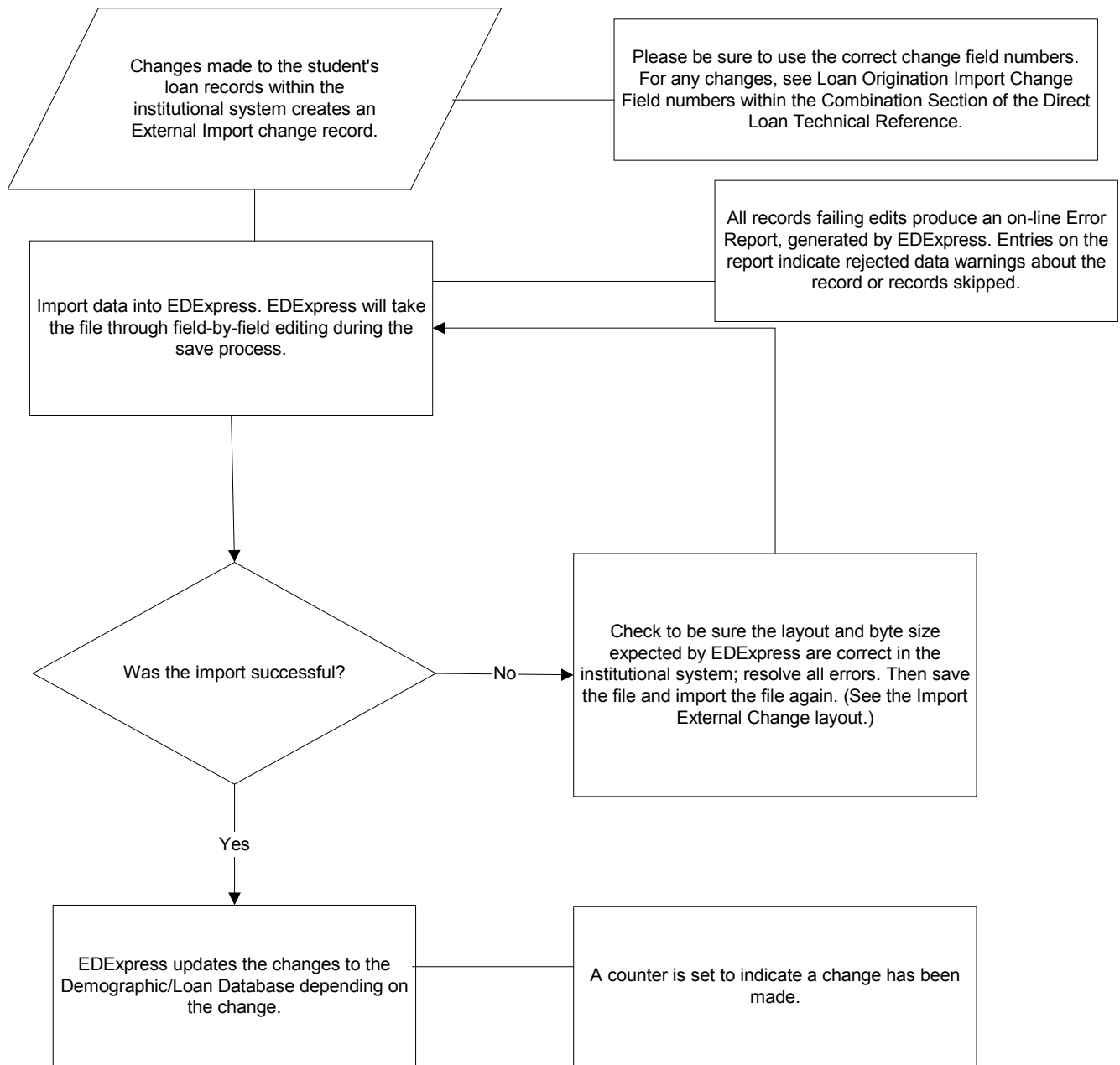
Two changes are submitted to a loan record whose ID is 012345678U03G99999001:

- a change in the borrower's last name to SMITH, and
- a change in the 1st disbursement anticipated gross amount to \$900.

The following would be the contents of the change record excluding the create time, batch number, and User ID fields at the end of the record:



External Import Change Record



Receiving Loan Origination Change Acknowledgements from COD

A Loan Origination Change Acknowledgement (DIOC03OP) has the same record layout as the record layout used to transmit the change record to COD. The acknowledgement record indicates whether each change is accepted or rejected. Rejection codes are associated with each rejected field.

- If the change is accepted, then there are no reject codes associated with that field.
- If a change is rejected, then it must be corrected and only the fields that were in error need to be resent to COD as change records.

Processing Promissory Notes

All Master Promissory Notes (MPN) and PLUS Promissory Notes must be mailed and accepted before the loans are booked. The hardcopy MPNs/promissory notes must be accompanied by a paper manifest that lists the borrower's name and MPN ID or PLUS Loan ID for each promissory note in the shipment. Also, the paper manifest provides a certification to be signed by an official at the school.

Note: For 2002-2003, schools continue to send batches of MPNs or PLUS Promissory Notes with paper shipping manifests to the following address:

P.O. Box 5692

Montgomery, AL 36103-5692

Master Promissory Notes and PLUS Promissory Notes must be batched separately and a separate paper manifest created for each. Each batch may contain up to 100 notes. Additionally, separate batches (manifests) must be created for each Direct Loan school code. The MPN/Promissory Note Manifest option is available through the EDExpress Print process. The format for the Master Promissory Note manifest and the PLUS manifest are provided in Appendix D.

Note: For Standard Origination Schools, COD collects from the borrower and prints the MPNs and PLUS promissory notes. Therefore, Standard Origination schools do not generate paper promissory note manifests, and do not mail notes.

Receiving MPN/PLUS Promissory Note Acknowledgements

COD returns an electronic file (DIPA03OP) containing the acknowledgement of any MPN/PLUS Promissory Notes processed. This acknowledgement contains a generated batch ID. Batch integrity does not exist between the paper notes and the MPN/PLUS Promissory Note Acknowledgement. Acknowledgements do not match one to one with paper manifests sent by the school.

Promissory Note Status

The DIPA03OP file contains a code in field #4 (Promissory Note Status) that returns one of three values: A (Accepted), X (Pending), or R (Rejected). Pending indicates that the promissory note is accepted but there is no Loan Origination record at COD to link to this promissory note.

Promissory Note Reject Codes

Promissory Note Reject Codes indicate why a note is rejected. If a note is rejected, a new MPN/PLUS Promissory Note must be printed with the corrected data and resubmitted to the LOC.

Promissory Note Reject Codes are mainly handled through a manual process. However, there are two electronic error codes that may be returned on a Promissory Note Acknowledgement. These error codes are “01” and “S.” Once the notes are received in the mailroom, the notes are manually inspected for missing or incorrect information. A generic checklist is used. If it is determined that there are errors or information is missing, the checklist is marked in the appropriate blank describing the error that needs to be corrected.

The checklist and MPN/PLUS Promissory Note are returned to the school or borrower (Standard Origination Schools). A copy of the Checklist is provided in Appendix D. See the Custom Edit Section for Promissory Note Reject Reasons.

Master Promissory Note

The Master Promissory Note (MPN) is a legal document requiring the borrower to repay the funds borrowed under the Direct Loan Program. The MPN is the only approved promissory note for Direct Subsidized and Unsubsidized Loans for all schools. The MPN must be printed by the school or COD and signed by the student borrower before disbursement of a subsidized loan or an unsubsidized loan. Schools process MPNs using either multi-year note functionality or single-year note functionality.

The MPN ID prints on the MPN. This identification is used by COD to link loans to the MPN. For printed MPNs for 2000-2001 and forward, the format of the MPN ID changed to use “M” as the MPN indicator instead of “S” or “U” in the loan type code field.

Note: MPNs are linked to a Loan Origination record using the first three letters of the First Name. If the First Name field is blank on the Loan Origination Record or on the MPN, the first three letters of the Last Name are used.

Multi-Year Functionality

Multi-Year use of the MPN applies to all four year and graduate/professional schools that are not subject to an emergency action or limitation, suspension, or termination (LS & T) action per Direct Loan regulations. Any school with questions regarding eligibility may contact Direct Loan Operations.

Note: When processing 2002-2003 loan records, COD is aware of open MPNs generated prior to 2002-2003.

If a borrower is attending a school eligible for multi-year functionality, the borrower may have only one open MPN for all subsidized and unsubsidized loans disbursed for program year 1999-2000 and forward. For example, the open MPN at COD can be a MPN processed for year 2000-2001. The 2000-2001 loans and forward are linked to this open MPN. Since multiple loans are linked to a MPN, the promissory note print sequence number is no longer necessary. If a school is using multi-year functionality, that school must have a confirmation process in place. Schools are also allowed to adjust upward and downward within an academic year without having to originate a new loan.

An open MPN on file at COD is assigned to the borrower and is not limited for use at a specific Direct Loan school. Therefore, a school using MYN functionality can use any MPN accepted by COD. Thus, all loans for a student are linked to the same MPN across schools and academic years.

Single-Year Functionality

If a school is NOT eligible for MYN functionality (single-year school), a new MPN must be generated each academic year for each borrower. A single-year school must use a MPN generated at or for that school only. A single-year school can link multiple subsidized and unsubsidized loans for the same academic year, for the same student, to the same MPN. The academic year start and academic year-end dates must be the same on all loan records linked to a specific MPN.

On the Full Loan Origination Acknowledgement, there is a MPN Indicator for subsidized/unsubsidized loans. If the Loan record has been linked to a MPN at COD, the MPN Indicator is populated with a “Y.” Loan records not linked to a MPN on file at COD have the MPN Indicator populated with an “N.”

Valid MPN

An open MPN is valid for up to 10 years from the date of the first anticipated disbursement if an actual disbursement has been made for any associated loan origination record. If a student wishes to close a MPN, he or she must provide a request in writing to close a MPN to the Direct Loan Servicing Center or to the school. If the closed notification is received at the school, the school must forward the original documentation to COD. COD upon receipt of the original close MPN notification, closes the MPN. Once a MPN has been closed, no new loans can be linked to it. A new MPN must be generated if new loans are originated. However, all disbursements and booking activities for the loans already linked to the closed MPN continue to be processed by COD.

Reporting Disbursements

Note: The Actual Disbursement Record cannot be accepted by COD until they have accepted the Loan Origination Record.

Before COD can "book" a loan, COD needs three essential components:

1. An accepted Loan Origination Record
 - a) Approved Credit Decision (PLUS ONLY)
2. An accepted MPN/PLUS Promissory Note
3. An accepted Actual Disbursement Record

Once an Option 1 or 2 school has verified a completed and signed MPN/PLUS Promissory Note is on file, as well as other eligibility verification required by regulations (e.g., student enrolled at least half-time), it can make a loan disbursement to the student or parent (either by check or by crediting the student's account).

COD Disbursement Record Types

Actual Disbursement Records must be submitted to SAIG for transmission to COD and accepted for each disbursement transaction. Each disbursement and adjustment books separately.

There are four COD Disbursement Records:

1. Disbursement = record type D (Batch Type #H)
2. Adjusted Disbursement Amount = record type A (Batch Type #H).
3. Adjusted Disbursement Date = record type Q (Batch Type #H)
4. Payment to Servicing = record type P (Batch Type SP)

A Disbursement Record contains data for the initial disbursement for a given disbursement number.

An Adjusted Disbursement Amount Record is sent to COD when the amount of a disbursement needs to be increased or decreased. This includes disbursements being adjusted to zero. For more information, see the *DL School Guide* and the appropriate DL Bulletins.

An Adjusted Disbursement Date Record is sent to COD when the date of an original actual disbursement needs to be changed. This record type is transmitted after an actual disbursement is sent to and accepted by COD.

Booking Notification

New for 2002-2003: No longer are these notifications sent for each actual disbursement or actual adjusted disbursement transaction. A Booking Notification is now sent only once for each loan at the time the first disbursement books. A Booked Loan Record is generated by COD providing the booked date for a loan. The record updates the EDEExpress database with the loan booked date. It is important to import booking notification acknowledgements on a timely basis. Otherwise, loans booked at COD may display as unbooked in EDEExpress.

Payment to Servicing

A Payment to Servicing record (record type P) is generated by COD when a borrower makes a payment to Servicing by the borrower within 120 days of disbursement. This transaction does not update the disbursement amounts recorded on the EDEExpress database. This record is to inform you that the student has additional loan eligibility for the current year. EDEExpress allows the Loan Amount Approved for this loan to include this additional refunded amount in the annual loan limit for this loan if the borrower decides to borrow additional funds.

Note: This transaction should not be returned to COD.

Disbursement Record Type “Q”

Disbursement type “Q” (Adjusted Disbursement Date) has been added for making adjustments to the actual disbursement date. In order to change the disbursement date, the school should use disbursement record type “Q” to show the correct actual disbursement date. The “Q” transaction can only be used after the school has sent an actual disbursement and received the disbursement acknowledgement. The following rules apply to transaction type “Q”:

1. An actual disbursement must exist (see example #1). Disbursement type “Q” is only for date changes, not changes to the actual disbursement amount.
2. This is a separate disbursement transaction and must be transmitted to COD (see example #2).
3. Disbursement type “Q” adjusted disbursement date can be a date after a prior transaction date for that disbursement number (see example #3).
4. Disbursement type “Q” adjusted disbursement date cannot be a date later than subsequent disbursement numbers (see example #4).
5. Disbursement type “Q” can be entered with a date before any adjustments to that same disbursement (see example #5).
6. Multiple transactions may cause a delay in processing.
7. Disbursement type “Q” follows the same delete rules as any other disbursement transaction (cannot be deleted unless in a “R = Ready Status” or “E = Rejected Status”).

The following are examples that apply to the rules outlined above:

Example #1

Disb. #	Disb. Type	Disb. Seq #	Disb. Date	Disb. Amt	Disb. Status	Allowed?	Comments
1	Q	01	05/01/2002	\$1000	READY	NO	See rule #1

Example #2

Disb. #	Disb. Type	Disb. Seq #	Disb. Date	Disb. Amt	Disb. Status	Allowed?	Comments
1	D	01	05/01/2002	\$1000	ACCEPTED	YES	Initial Disbursement Entered
1	Q	02	05/02/2002		ACCEPTED	YES	See Rule #2
2	D	01	06/01/2002	\$1000	ACCEPTED	YES	Second Disbursement Entered

Example #3

Disb. #	Disb. Type	Disb. Seq #	Disb. Date	Disb. Amt	Disb. Status	Allowed?	Comments
1	D	01	05/01/2002	\$1000	ACCEPTED	YES	Initial Disbursement Entered
1	Q	02	04/01/2002		READY	YES	See Rule #3
2	D	01	06/01/2002	\$1000	ACCEPTED	YES	Second Disbursement Entered
2	Q	01	04/02/2002		READY	YES	See Rule #3

Example #4

Disb. #	Disb. Type	Disb. Seq #	Disb. Date	Disb. Amt	Disb. Status	Allowed?	Comments
1	D	01	05/01/2002	\$1000	ACCEPTED	YES	Initial Disbursement Entered
2	D	01	06/01/2002	\$1000	READY	YES	Second Disbursement Entered
1	Q	02	06/02/2002		READY	NO	See Rule #4

Example #5

Disb. #	Disb. Type	Disb. Seq #	Disb. Date	Disb. Amt	Disb. Status	Allowed?	Comments
1	D	01	05/01/2002	\$1000	ACCEPTED	YES	Initial Disbursement Entered
1	A	02	05/15/2002	\$500	READY	YES	Adjusted amount downward 15 days later
1	Q	03	05/15/2002		READY	YES	See Rule #5. This would change the date of the initial disbursement to 5/15 which is the same date as the adjustment and is allowed
2	D	01	06/01/2002	\$1000	READY	YES	Second Disbursement Entered

Flagging a Subsequent Disbursement Number as the First Disbursement

Once disbursement #1 has been generated and sent to COD, you can flag a subsequent disbursement number as the first disbursement.

With the current process, EDEExpress generates disbursement #1 first when adding an actual disbursement record. However, a new field is added to the actual disbursement grid and an action code to flag a subsequent actual disbursement (#2 through #20) as the first disbursement. This “C” flag can be applied to a subsequent disbursement number only if the disbursement date on the subsequent disbursement has an earlier action date than the action date on the previous accepted disbursement #1. The “C” flag updates COD database to indicate that the disbursement flagged is the first disbursement for a loan.

Note: The first disbursement must always have the earliest date. Once disbursement #1 is accepted by COD or a flagged disbursement is accepted by COD, any disbursement for that loan with an earlier date will be rejected. If several disbursements are received by COD for the same batch cycle, disbursement #1 or a disbursement with a “C” flag (whichever has the earliest date) is processed first and the rest of the disbursements are processed in chronological order.

Anticipated disbursements continue to be in sequential and chronological order.

Importing Disbursement Data into EDEExpress

You can create a change record to import actual disbursement data from an external institutional system into EDEExpress. To do this, use the External Change Record format (DIEC03OP) in the Combination Layouts section. The change record should include the following data elements:

Field	Change Field Number
Loan ID	N/A
Sequence Number	N/A
Disbursement Number	D003
Transaction Date	D004
Action Type (Actual Disbursement)	D006
Action Amount (Actual Disbursement)	D007
Actual First Disbursement Change Flag	D008

Disbursement Action Types

The gross, fee, interest rebate, and net amounts are sent to COD for all anticipated and actual disbursements. Disbursement records can be recorded in EDEExpress by entering either actual gross or net amounts. EDEExpress calculates the other amounts.

You indicate whether disbursements are entered using the gross amount or net amount in Direct Loan System Setup. Once a disbursement is entered into EDEExpress using a disbursement gross amount or a disbursement net amount, all actual disbursement records for that loan must be entered using the same method.

In addition to entering the amount of a disbursement, the disbursement number and the action date, you must enter the Action Type field. This field tells EDExpress what the amount represents.

The following chart describes the Action Types available.

Description	Action Type
Enter Gross or Net Amount of the disbursement	D
Enter Gross or Net Amount of the adjustment	A
Use anticipated disbursement amounts in the anticipated disbursement grid to enter Gross or Net Amounts to the actual disbursement grid	U
Enter Net Adjustment Amount (positive or negative) of the adjustment	N
Adjusted Disbursement Date	Q

Sequence of Disbursement Records

Disbursement records should occur in the file grouped by Loan ID. The records must be sorted within Loan ID by Disbursement Number and Disbursement Sequence Number. For example, a loan has one actual disbursement and two adjustments. Record type D should precede record type A, and the two adjustments (record type A) should be in ascending date order.

To make the import work most efficiently, you should create the file so that the records are imported in transaction date order. If you have more than one record for a single transaction date, they should be sorted in Social Security Number order.

Remember: Disbursement activity must be submitted to COD **within 30 days** of the transaction date.

Timing

For Option 1 and 2 schools, disbursement records are sent after you have received a signed valid MPN/PLUS Promissory Note from the borrower or a valid MPN is on file at COD. For Standard Origination schools, disbursement records are sent to COD after you have received an accepted MPN/PLUS Promissory Note Acknowledgement for the borrower or a valid MPN is on file at COD. Take care to ensure that the disbursement record is accepted on a Disbursement Acknowledgement before transmitting change records for adjustments to \$0.

Export Record of Disbursement Information

Direct Loan software creates a record of disbursement information to send to SAIG for transmission to COD. COD edits the information against the loan origination record data stored in its system. COD returns an acknowledgement to the school indicating whether or not each disbursement record has been accepted (DIOD03OP).

Submit Correction Disbursement

You may receive a record from COD indicating the disbursement information record is rejected. In this case, you need to determine why the record was rejected, then correct the record and retransmit it to COD.

Process Disbursement Adjustments

Adjustments occur when the amount on a disbursement is incorrect and needs to be increased or decreased. This new adjusted disbursement amount needs to be sent to COD.

Inactive Loan Process (Adjustments to Zero)

Individual disbursements and/or Loan Amount Approved can be adjusted to zero. This process provides you the flexibility to increase the loan by simply recording and sending COD an upward adjustment if the loan or disbursement is to be reactivated after being adjusted to zero.

When you select the inactive flag in EDEExpress a dialog box appears displaying two options. Option 1 marks the loan inactive and no longer displays the loan on reports. The loan amount approved and anticipated disbursement are not adjusted by this option. Option 2 marks the loan inactive, no longer displays the loan on reports, adjusts the loan amount approved to zero, and adjusts all anticipated disbursement to zero. The selection of Option 2 also generates all necessary Change Records to be exported to COD.

The following scenarios demonstrate this process:

Scenario A

School A needs to cancel an entire loan and NO Actual Disbursements have been made:

1. Reduce the Loan Amount Approved to \$0 or mark the loan Inactive and select the option to reduce the Loan Amount Approved to \$0. Save the record.

Note: Saving the process within EDEExpress automatically reduces each Anticipated Disbursement to \$0.
2. Forward a Loan Origination Change Record that contains the change to the Loan Amount Approved and all Anticipated Disbursements to COD.
3. Increase the Loan Amount Approved to the appropriate amount, which automatically resets the Inactive Flag, in case you need to reactivate this loan.

EDEExpress automatically recalculates the Anticipated Disbursements.

5. Forward a Loan Origination Change Record that contains the change to the Loan Amount Approved and all Anticipated Disbursements to COD.

Scenario B

School B wants to cancel an entire loan, but Actual Disbursements have been made:

1. Adjust all Actual Disbursements to \$0 and send in a Disbursement Record that contains the adjusted disbursement record to COD.
2. At the same time, reduce the Loan Amount Approved to \$0 or mark the loan Inactive and select the option to reduce the Loan Amount Approved to \$0. Save the record.

Note: Saving the process in EDEExpress automatically reduces each Anticipated Disbursement.

3. Forward a Loan Origination Change Record to COD, which contains the change to the Loan Amount Approved and all Anticipated Disbursements.

Note: This change record (Step 3) can be forwarded to COD at the same time the Disbursement Record in Step 1 is forward to COD.

4. (As in Step 3 for Scenario A above) Increase the Loan Amount Approved to the appropriate amount if you need to reactivate this loan. Enter the recalculated Anticipated Disbursements. A Loan Origination Change record is sent to COD to report the new amounts.
5. Adjust the appropriate Disbursement number back up to the disbursement amount if an Actual Disbursement is to be recorded. A Disbursement Record is sent to COD to report the new Actual Disbursement amounts.

Scenario C

School C wants to only cancel individual Actual Disbursement(s):

1. Adjust the individual Actual Disbursement(s) to \$0.
2. Send a Disbursement Record that contains this adjusted disbursement to COD.
3. Reactivate this disbursement by entering an upward adjustment to that same disbursement, then send a Disbursement Record with the new amount(s) to COD.

Note:

- If you only adjust the disbursement(s) down to zero without adjusting the Loan Amount Approved appropriately, the student's loan data at NSLDS may not be reported correctly.
- If the sum of Actual Disbursements is changed to \$0, a message displays suggesting that you may also want to change the Loan Amount Approved to \$0.

Disbursement Confirmation (Schools in the Confirmation Pilot)

Schools participating in the Confirmation Pilot receive authorization from the borrower for the disbursement of funds under a Direct Subsidized Loan or a Direct Unsubsidized Loan. To accommodate this procedure, a Confirmation Flag indicates that the borrower at the school has confirmed the disbursement.

Receiving Disbursement Acknowledgement Records from COD

COD returns an Acknowledgement Record for each Disbursement Record you submit. In addition, some disbursement transactions are generated by COD and sent to you on the Disbursement Acknowledgement. The acknowledgement record is in the same format as the Disbursement Record. They are returned in message class DIOD03OP.

When processing disbursements or adjusted disbursements, if COD calculates different amounts than reported by the school, these amounts are returned in the acknowledgement. If there is no change to the amounts, these fields are returned blank.

School Reconciliation

You must reconcile your school's Direct Loan records on file at COD with the school's internal Direct Loan records. This process is School Reconciliation and you should perform this process on a monthly basis.

New for 2002-2003, the report formally known as the '732 Report' and the 'DLSAS' reports are merged into one report, the SAS.

School Account Statement

COD initiates the reconciliation process. You receive on a monthly basis a School Account Statement (SAS) from COD designated by Direct Loan school code. The SAS can be imported into DL Tools software and formatted to look similar to a bank statement. This statement reports the cash records and the booked and unbooked disbursement transactions on file at COD. The SAS has six possible sections:

- Year-To-Date Cash Summary,
- Year-To-Date Disbursement Summary by Loan Type,
- Monthly Cash Summary,
- Monthly Disbursement Summary by Loan Type,
- Cash Detail, and
- Loan Detail.

You are responsible for reviewing and comparing the monthly statement to ensure the accuracy of the data on both your school's system and COD database. This data must also be reconciled to your school's internal student account records and bank records.

Software Tool for School Reconciliation– DL Tools

A software tool to assist you with the reconciliation process is DL Tools. This tool replaces the Optional Loan Detail Exception File. Starting with academic year 2002-2003, the functionality to import the 2002-2003 SAS file (formally DLSAS) will be moved from EDEExpress Direct Loan Module Version 8.1 to DL Tools Version 2.0. With this tool all schools can import the SAS file and run comparisons between the loan and disbursement data on file at COD and on your local school database. In addition this software tool can also be used to track drawdowns and returns of excess cash at your school and compare to the records at COD.

Note: For 2001-2002, DL Tools Version 1.0 allows all schools to run a comparison between the 732 Report and the school's database. This software is available at www.SFAdownload.ed.gov.

School Report Options

Users of DL Tools should request COD to send the SAS files in a fixed length file without a header record. This format option plus other report options for all schools are fully described in the Implementation Guide, Section 4.

Resolving Discrepancies

These two processes, the SAS and the DL Tools Version 2.0, assist you in reconciling your school data with the data at COD. When discrepancies are found, you should go back and ensure that all origination, promissory note, and disbursement processing is completed. Remember:

- COD's cash balances only report on "Booked" data for the month reported in the SAS. Booked status on your school system can only be updated by the booked loan transaction.
- Export all pending data batches for origination records, promissory notes, and disbursements.
- Import all pending acknowledgement batches to update the accepted status and booked status flags on your school's system.
- EDEExpress and Combination schools find it helpful to use the Status Report to resolve discrepancies on the SAS.

The SAS Record Layouts appear in Section 1, Custom Layouts. See Appendix A for a set of sample reports.

Technical Tips

On the following pages, some technical tips are provided in the sections listed below:

- Batch IDs
- User-Defined Data Fields

Batch IDs

All Batch IDs through the Direct Loan System have the same format. Each batch ID is 23 characters long. The first two characters are the batch identifiers, which represent the type of batch. One character represents the cycle year. The next six characters are the school code. The next eight characters are the date the batch was created. The next six characters are the time the batch was created. All of the batch identifiers are listed below.

Batch Identifier	Type of Batch
#F	External Export: External Export
PF	Export to COD: Full Loan PLUS Origination
#L	Export to COD: Optional Loan Detail Exception File
#E	Export to COD: Loan Origination Change
#H	Export to COD: Disbursement
#D	Export to COD: Full Loan Sub/Unsub. Origination
#R	Import from COD: Pending Disbursement List (Anticipated Disbursement Listing)
#Q	Import from COD: Funded Disbursement List (Actual Disbursement Roster)
#O	External Import: External Import Loan Origination Add
#P	External Import: External Import Change Record
#E	Import from COD: Loan Origination Change
#H	Import from COD: Disbursement Acknowledgement
#B	Import from COD: Booking Notification
SP	Import from COD: Payment to Servicing
#A	Import from COD: Prom Note
#C	Import from COD: PLUS Credit Decision Update
PF	Import from COD: Full Loan PLUS Origination Acknowledgement
#D	Import from COD: Full Loan Sub/Unsub. Origination Acknowledgement
#W	Import from COD: 30-Day Warning Report
AS	Import from COD: School Account Statement-DL
RB	Import from LOC/COD: Rebuild Data File
TBD	Import from COD: Exit Counseling Results
TBD	Import from COD: Entrance Counseling Results

User-Defined Data Fields

If you create a File Format that contains fields from all record types (A=Demographic, B=User Data, D=Loan, N=Anticipated Disbursement, and M=Actual Disbursement), the software does not export records of types A or B unless one record of type D, M, or N matches the Export Status (Y or N) selected on the Export dialog.

In order to ensure that Demographic and User-Defined Data records are exported, we recommend you create a File Format that contains only Demo and/or User-Defined Data fields (record types A and B) and export using this new File Format and an export status of B.

This method requires two External Exports but ensures that all Demographic and User-Defined Data records that changed are exported.